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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 1

NIKKEI (Page 2) (Full)
July 2, 2009

07:47 Took a walk around his official residence.
10:01 Attended an Upper House plenary session.
11:02 Attended an awards ceremony for safety contributions, with Consumer Affairs Minister Noda. Later met Cultural Affairs Agency Deputy Director General Takashio.
12:49 Met Chief Cabinet Secretary Kawamura.
14:02 Handed the People's Honor Award to actress Mitsuko Mori, with

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Kawamura and Shionoya. Later, met with Mori.
14:20 Met Kawamura.
15:55 Met Kawamura.
16:03 Attended a meeting of the Council on Economic and Fiscal Policy. Economy, Trade and Industry Minister Nikai stayed behind. Attended a cabinet meeting.
16:53 Attended a meeting of the Overseas Economic Cooperation Conference. Kawamura and deputy chief cabinet secretaries Matsumoto and Asano stayed behind.
17:52 Met Parliamentary Defense Secretary Takeda and others. Later met Kawamura.
18:50 Met UN Secretary General Ban Ki-moon.
19:48 Attended a joint press conference. Later hosted a dinner party for Ban.
21:36 Returned to his official residence.

4) Prime Minister Aso: SDF to join UNSAS

MAINICHI (Page 2) (Full)
July 2, 2009

Prime Minister Taro Aso met last evening with UN Secretary General Ban Ki Moon at the Prime Minister's Official Residence (Kantei). The two agreed that North Korea's possession of nuclear weapons is unacceptable. They also confirmed the importance of fully and effectively implementing UN Security Council Resolution 1874, including additional sanctions against North Korea, which defiantly conducted nuclear test twice.

Aso stated for the first time that the government will allow the Self-Defense Forces (SDF) to participate in the UN Standby Arrangements System (UNSAS) in order to more actively take part in UN peacekeeping operations (PKO). The UNSAS was established to promote efficient peacekeeping operations. Participating countries register information in advance such as the number of personnel able to participate in PKO. Japan has not joined the system. The SDF will provide logistical support in six areas such as medical services, transportation, and communications.

5) Sato to be convicted

SANKEI (Page 25) (Abridged)
July 2, 2009

The Supreme Court has dismissed a final appeal made by Masaru Sato, 49, a former Foreign Ministry chief analyst currently on leave facing indictment for malfeasance and other charges against an international entity associated with the Foreign Ministry. Sato will now be convicted with the first and second instance court rulings that sentenced him to a prison term of two years and six months with a four years' stay of execution. The Supreme Court's third petty bench made the decision under the date of June 30. Sato, after he has been convicted, will automatically lose his employment status with the Foreign Ministry under the National Civil Service Law. He will also receive no retirement payment.

According to the first and second instance court rulings, Sato in 2000 had the Assistance Committee, an outfit of the Foreign Ministry, make illicit disbursements totaling about 33 million yen for Japanese scholars and others to participate in international society meetings, and he caused damage to the committee. In addition, the committee held bidding in March that year for a diesel

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power generation facility to be built on the island of Kunashiri. At that time, Sato leaked information to Mitsui & Co., Ltd. (Mitsui Bussan) regarding the estimated contract price and disturbed the committee's operation.

Sato yesterday responded to a Sankei Shimbun interview, in which he decried the Foreign Ministry for "making someone else carry the can." Sato seemed unconvinced that he should be branded as a 'criminal' who damaged the Foreign Ministry for being a 'capable diplomat.' He provoked the Foreign Ministry, saying: "In the court trial, I was hesitant and could not say what happened with the northern territory issue and what happened to the Foreign Ministry's secret funds. I will unveil those facts."

6) Defense Ministry mulls deploying ground troops to Yonaguni, but concern exists that China might react sharply

TOKYO SHIMBUN (Page 1) (Abridged)
July 2, 2009

The Defense Ministry has firmed up its intention to study deploying Ground Self-Defense Force troops to Yonagunijima, one of Japan's southwestern Nansei Shoto outer islands near Japan's sea border, a top-level official of the ministry revealed yesterday. This is linked to the ministry's troop deployment review shifting Japan's northern defense, which was postured against the former Soviet Union as a hypothetical enemy, to the Nansei Shoto islands. The ministry wants to reflect this deployment review in its national defense program guidelines to be revised late this year. However, Yonagunijima is situated near the archipelago of Senkaku isles, to which China has been claiming territorial rights. Given this, China is likely to react sharply.

In Japan's southernmost island prefecture of Okinawa, the GSDF currently garrisons the 1st Combined Group in Naha. The Naha-based ground troupe will be raised to the status of a brigade at the end of this fiscal year, based on the current defense guidelines that have set forth the defense of Japan's outlying islands. Its troop strength will be reinforced from about 1,800 to 2,100. However, the Sakishima Islands, which include Yonagunijima, are situated about 500 kilometers away from Okinawa's main island. The Defense Ministry therefore decided to study deploying troops to Yonagunijima.

On June 30, Yonaguni Town Mayor Shukichi Hokama visited Defense Minister Yasukazu Hamada and handed a petition to Hamada for GSDF deployment to his island. "Yonagunijima is a frontier island and is important for Japan's national defense," Hamada told Hokama. With this, Hamada indicated that he would positively consider the petition. Hamada also told the mayor that he would shortly visit the town of Yonaguni.

7) PM Aso's leadership weakened further: Only two new ministers appointed; Gives up on appointing Higashikokubaru

MAINICHI (Top play) (Abridged)
July 2, 2009

Prime Minister Taro Aso decided on July 1 on two additional appointments to the cabinet to reduce multiple portfolios for incumbent ministers, naming Liberal Democratic Party (LDP) House of Councillors member and former Defense Minister Yoshimasa Hayashi as state minister for economic and fiscal policy, and LDP Deputy

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Secretary General Motoo Hayashi as chairman of the National Public Safety Commission and minister of state in charge of Okinawa and

Northern Territories and disaster management. The idea of appointing Miyazaki Governor Hideo Higashikokubaru to the cabinet as a dramatic measure to buoy the administration in preparation for the next House of Representatives election was abandoned, and changes were limited to these two lackluster appointments. Aso has also given up on revamping the LDP executives due to opposition in the party. His leadership has been weakened further. It is now uncertain whether he will go ahead and dissolve the Lower House for a general election after the Tokyo Metropolitan Assembly election on July 12.

The confirmation ceremony for the new cabinet members will take place on July 2. Since Minister of Finance and Financial Services Shoichi Nakagawa resigned in February and Minister of Internal Affairs and Communications Kunio Nakagawa was replaced in June, Kaoru Yosano has been the minister in charge of finance, financial services, and economic and fiscal policy, while Tsutomu Sato holds the portfolios of minister of internal affairs and communications as well as the chairmanship of the National Public Safety Commission.

After the announcement of the cabinet appointments on July 1, Aso explained to reporters: "The ceiling (cabinet approval of the budget request guidelines for the next fiscal year) has been taken care of today, and we have come to a point at which the main business that the current cabinet has to deal with has come to an end. I had always intended to make additional appointments to reduce the multiple portfolios." Regarding whether he had considered appointing Higashikokubaru, he said: "Not at all. I never considered it." As for the appointment of LDP executives, he told reporters: "I don't think anybody has ever heard me say anything about revamping the party executives," denying there had been any plans to do so.

However, the prime minister's aides had been coordinating to appoint the popular Higashikokubaru as a cabinet minister in a dramatic last-ditch measure to boost Aso's leadership since his cabinet is suffering from low support ratings, before the Lower House election. As a step in this process, when Election Strategy Council Chairman Makoto Koga asked Higashikokubaru to run in the general election, Higashikokubaru had set a number of conditions, such as making him a candidate for LDP president. It is believed that the plan to appoint Higashikokubaru was abandoned because of backlash against these conditions in the party.

8) Indecisive prime minister: Revamp of LDP executives, major cabinet reshuffle abandoned, bowing to Mori's persuasion

SANKEI (Top play) (Abridged)
July 2, 2009

On the evening of June 30, Prime Minister Taro Aso was sitting in front of former Prime Minister Yoshiro Mori in a room at Hotel Okura in Toranomon, Tokyo, close to the Prime Minister's Official Residence (Kantei).

The prime minister was still persistent about a cabinet reshuffle and revamping the Liberal Democratic Party (LDP) executives, saying: "I would like to change the present mood somehow..." but Mori replied brusquely: "Now is not the time to revamp party officials. They have worked very hard under the guiding principle of 'policies rather than political maneuvering.' They have not wavered on this so you should appeal to the people with this lineup."

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Aso talked about his plan to appoint Election Strategy Council Vice Chairman Yoshihide Suga as secretary general, but Mori rejected this flatly. He pressed Aso to limit cabinet appointments to filling vacancies and even postpone this to next week. Without the support of the largest faction, the Machimura faction, the administration will be in serious trouble. Aso had no choice but to follow Mori's wishes. Making the appointments on July 1 was his bare minimum "resistance."

Revamping the cabinet and the LDP leadership had been a pending issue for Aso, but this went into motion after former Prime Minister Shinzo Abe visited the Kantei on the evening of June 24. Before that, Abe had had a secret meeting with Suga and Seiji Suzuki, Diet

Affairs Committee chief in the House of Councillors, at a hotel in Tokyo. The three agreed that: "If nothing is done about the present situation, the LDP may suffer a crushing defeat in the Lower House election. The only way to blow away the adverse wind is to revamp personnel before the Tokyo Metropolitan Assembly election." They came up with a plan the centerpiece of which is naming Minister of Health, Labor and Welfare Yoichi Masuzoe, who is regarded as a possible successor to Aso, as the secretary general.

At first, the prime minister had abhorred the "outlandish tactic" of a cabinet reshuffle while the Diet is in session, but he eventually became interested due to Abe's zealous persuasion: "If you go ahead with this (Masuzoe's) promotion, this will eliminate dissatisfaction among the mid-ranking and junior party members, and the atmosphere in the party will change dramatically. Please do think about it."

However, there was an unexpected twist to the story. A cameraman of a commercial TV station took shots of Abe entering the Kantei.

On the next day, June 25, there was a hornet's nest in the LDP. "Abe must have instigated a cabinet reshuffle." Since Abe was also known as an advocate of early Diet dissolution, rumors about a "surprise Diet dissolution on July 2" began to spread. Junior and mid-ranking party members who have weak political bases were shocked by the rumor of Diet dissolution on July 2. Former Secretary General Hidenao Nakagawa, leader of the anti-Aso forces, now openly asked the prime minister to resign. The main reason behind the momentum for "advancing the presidential election" is actually to stop Diet dissolution.

9) Prime Minister becomes increasingly isolated in LDP; Gives up plan to shuffle party executives

NIKKEI (Page 3) (Excerpts)
July 2, 2009

Prime Minister Taro Aso had attempted to shuffle the Liberal Democratic Party (LDP) executive lineup, but he was forced to give it up yesterday after encountering strong resistance from within the party. What caused the schism between Aso and the LDP executives over the Prime Minister's failed attempt to shuffle the executive lineup to deepen to this extent with the next House of Representatives election approaching? Aso's aborted plan exposed his fragile footing that does not allow him to even shuffle the LDP executive lineup. Moves to unseat Aso might gain momentum.

Former Prime Minister Mori: Any attempt at this point will be counterproductive

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Former Prime Minister Yoshiro Mori of the Machimura faction held talks with Prime Minister Aso for over two hours at a Tokyo hotel on the night of June 30. In the session, Mori pressed Aso to give up his plan to make changes to the LDP executive lineup, saying: "All those members have put the economy before the political situation. If we are to conduct election campaigns by playing up our achievements, it is natural to do so under the current party setup. Changing LDP executives will be counterproductive." This apparently prompted Aso to reconsider his plan.

Aso had been dismissive of making changes to his cabinet and the LDP executive lineup up until mid-June. Back then, an Aso aide said, "The cabinet's achievements will be called into question in the Lower House election, so the Prime Minister cannot afford to change the cabinet ministers."

Aso's frame of mind began to change when his cabinet's support ratings plummeted after the dismissal of Yukio Hatoyama as internal affairs and communications minister and the LDP became restless as a result. Former Prime Minister Shinzo Abe and Election Strategy Council Vice Chairman Yoshihide Suga, who are close to Aso, advised the Prime Minister to carry out a major cabinet shuffle to play up his decisiveness and keep up this momentum with Lower House dissolution for a general election with the aim of containing the "dump Aso" movement.

Aso held a press conference at the Japan National Press Club on June 25 in which he left some room for a shuffle of the LDP executives, saying, "Many people offer me all sorts of advice and I simply listen to them." The Prime Minister's side wanted to find a breakthrough with personnel changes but wanted to avoid a cabinet shuffle. Then surface a compromise plan of combining a minor LDP executive shuffle and the appointment of additional cabinet ministers.

10) "Dump Aso" move to gain momentum

NIKKEI (Page 3) (Abridged slightly)
July 2, 2009

Prime Minister Taro Aso's aborted plan to make personnel changes is certain to accelerate the ongoing moves in the ruling party to oust Aso. Depending on how the July 5 Shizuoka gubernatorial election and the July 12 Tokyo Metropolitan Assembly election turn out, calls for Aso's resignation might grow stronger.

A Liberal Democratic Party (LDP) lawmaker revealed this shocking finding: "According to the LDP's latest survey, if a Lower House election is called (now), the LDP will not be able to garner 150 seats."

Lower House member Taku Yamamoto of the Machimura faction is leading a signature collection drive to hold a general meeting of LDP Diet members from both chambers on July 13, the day after the Tokyo election. A person concerned explained the aim: "If the ruling bloc loses the Tokyo poll, we will pursue the Prime Minister's responsibility. If an emergency motion is submitted, the LDP presidential election planned for September can be moved up."

If there are requests from at least one-third (128 persons) of the LDP lawmakers, a meeting of all LDP lawmakers must be held within

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seven days. An anti-Aso group member said with confidence: "Due to the Prime Minister failure to make personnel changes, collecting signatures will become easier."

At the same time, there is a possibility that the Prime Minister will opt for Lower House dissolution immediately after the Tokyo poll. The political situation is becoming tense.

11) Aso's abortive personnel plan deepens schism in LDP

NIKKEI (Page 1) (Excerpts)
July 2, 2009

Eiji Sakamoto, senior writer

Despite his big talk about personnel changes, Prime Minister Taro Aso yesterday announced that he would only add two new ministers to his cabinet. His plan to shuffle the LDP executive lineup and his cabinet ahead of the next House of Representatives election was foiled by ruling party executives. To begin with, the Prime Minister did not answer the question what was the purpose of making personnel changes.

It has been a week since the Prime Minister said that Lower House dissolution for a snap general election would occur in the "not-too-distant future." At the root of a series of tumultuous events seems to be the LDP's strong alarm that they cannot fight the election if this situation persists, given the Aso cabinet's plummeting support rating.

Lawmakers close to Aso advised him to dissolve the Lower House after coming up with an appealing lineup that can turn the election to the LDP's advantage. In reality, the Aso administration is under increasingly adverse circumstances and the schism in the LDP over the basic strategy for the next Lower House election has decisively deepened.

Aso aides' desire was evident to replace the top three LDP

executives and cabinet ministers who have often been exposed to the media. Even the option of giving a portfolio to Miyazaki Gov. Hideo Higashikokubaru was talked about. The Machimura faction, the largest faction in the LDP that has been supporting the Prime Minister, balked at the idea of replacing Secretary General Hiroyuki Hosoda, pressing Aso to give up on making changes to the LDP executives.

Meanwhile in the LDP, a move pressing the Prime Minister for his resignation became evident on the back of a growing mood for an early Lower House dissolution. The internal conflict entered the "danger zone" with former Secretary General Hidenao Nakagawa's pressing Aso in late June for an "honorable decision."

Asked by the press corps last evening about his decision to add two ministers to his cabinet, Aso simply said, "It was to achieve a closure of sorts." He looked sweaty and exhausted.

Some ruling party members now describe the Aso cabinet as a lame duck, and his administration seems to be on the verge of collapse.

12) Three opposition parties considering a no-confidence motion against Aso cabinet

NIKKEI (Page 2) (Full)

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July 2, 2009

The leaders of three opposition parties -- the Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the Peoples New Party (PNP) -- met last evening at a Chinese restaurant in Tokyo. The opposition leaders discussed whether to submit to the Diet a no-confidence motion against the cabinet of Prime Minister Taro Aso, which has been in turmoil. Although they were in agreement that it would be worthwhile filing such a no-confidence motion, they stopped short of that and only confirmed that the three parties will now hold secretary general-level consultations on the appropriateness of a no-confidence motion and the timing of a submission.

The opposition parties aim to further undermine the ruling coalition, where moves to oust Aso are actively going on, by submitting a no-confidence motion against the cabinet. But chances are slim that nearly 100 lawmakers from the ruling camp, the number necessary for adopting a motion, will support the no-confidence motion. If the motion is voted down, it would mean the Diet places trust in Prime Minister Aso and the oust Aso movement would not be justifiable.

Therefore, the opposition parties' expectation is that the ruling parties will have to go into the House of Representatives election under Aso's lead, which will be an advantage for them. In yesterday's meeting, the SDP and PNP proposed submitting a no-confidence motion, citing the opposition should have Aso take responsibility.

However, DPJ Deputy President Naoto Kan mentioned that should a motion be adopted, Prime Minister Aso and his cabinet would resign en masse. There is a view in the DPJ that such would not be good for submission of a motion will propel the drive to remove Aso (in the Liberal Democratic Party (LDP)). DPJ Secretary General Katsuya Okada said: "I wonder if the submission would lend a hand to (the move to unseat Aso)," indicating a cautious stance.

Prior to the opposition meeting, asked by reporters about the possibility of a no-confidence motion, DPJ President Yukio Hatoyama said in the Diet building: "It is important to carefully examine the necessity of (such a submission)."

13) DPJ Hatoyama office deletes donations by 70 individuals in fund reports from 2005 to 2007

YOMIURI (Page 34) (Slightly abridged)
July 2, 2009

It has been reported that Democratic Party of Japan (DPJ) President Yukio Hatoyama's fund management body called Yuai Seikei Konwakai

(Fraternal Politics and Economics Discussion Council) had made false statements in its fund reports. The Hatoyama group has corrected the contents of the reports as of yesterday, deleting (a total of 17.71 million yen of) donations from 70 individuals, out of those from 88 people reported as individual donations over the three years from 2005 to 2007. Such fund reports are available for general public perusal at the Ministry of Internal Affairs and Communications.

In the rewritten fund reports, the donations from 70 individuals were deleted, with no correction made to the amounts of the individual political donations recorded in the reports each year. The number of individuals recorded as donors decreased from 69 in

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the initial report to 18 in the rewritten one in 2005, from 51 to 13 in 2006, and from 64 to 16 in 2007.

As a result, the total sum of individual political donations significantly shrank, and the ratio of a donation of less than 50,000 yen, the so-called anonymous donation that is not required to be reported in a fund statement, sharply increased. Of 167.55 million yen reported as individual donations over the three years, anonymous donations boosted to 14.3 million yen, or to 62 PERCENT of the total from 56 PERCENT before corrections were made.

In correcting the reports, the deleted 17.71 million yen of individual donations were treated as "lending" from Hatoyama. In the 2007 report, 97.71 million yen was reported as money lent by Hatoyama to the fund organization.

It has been revealed through the Hatoyama side's investigation that 193 cases involving about 90 individuals, worth 21.77 million yen, over the four years until 2008 were false statements.

14) Source of donations made to DPJ President Hatoyama was Hatoyama himself?

SANKEI (Page 5) (Excerpts)
July 2, 2009

A survey by the ruling parties' project team, which is investigating the issue of Democratic Party of Japan (DPJ) President Yukio Hatoyama's political donations, found on July 1 that 42 Hokkaido, city and town assembly members (including former members) in Hatoyama's constituency had personally donated a total of about 16.5 million yen to the DPJ Hokkaido No. 9 general branch, headed by Hatoyama, over five years from 2006 through 2007.

All the donations were made on December 25 each year. It is possible that the donations might have been made according to the plan since all of the donors contributed the same amount. The project team believes that Hatoyama himself might have been the funding resource for those donations, which could fall under violation of the Political Funds Control Law or fraud, as a senior LDP member put it.

According to the survey conducted by the project team, the personal political fund donations in question were made by four Hokkaido Assembly members and 38 members of 16 municipality assemblies. All Tomakomai City Assembly members donated 264,000 yen. All Noboribetsu City members donated 168,000. One Hokkaido Assembly member contributed 640,000 yen in one donation.

The names of deceased persons and individuals who claimed that they had never made such donations were used in political funds reports of Hatoyama's own fund management organization called Yuai Seikei Konwakai (Fraternal Politics and Economics Discussion Council). Concerning this, Hatoyama explained during a press conference on June 30 that he himself was the source of the funds falsely listed on the statements. As such, the project team pointed out that there is a strong possibility that Hatoyama was also the source of personal donations made by local assembly members.

The Political Funds Control Law limits personal donations to branches of political parties to 10 million yen a year. For this reason, the ruling parties suspect that Hatoyama handed his own

funds to the local assembly members and had them contribute to the DPJ general branch he heads as personal donations so as to conceal the details of the actual operations.

Yoshitaka Murata, chairman of the project team stressed during a press conference: "Mr. Hatoyama has yet to fully fulfill his accountability. Tax exemption is applied to political donations. However, if the donations were false, it means that those assembly members received money to which they were not entitled."

15) DPJ members trying to put end to Hatoyama case, emphasizing he demonstrated accountability

YOMIURI (Page 4) (Full)
July 2, 2009

Speaking before reporters in the Diet Building yesterday, Democratic Party of Japan (DPJ) President Hatoyama indicated that he fulfilled his responsibility to explain about the issue of falsified statements in the fund reports of his fund management organization. He said: "I explained everything that I know and offered an apology yesterday." He added: "I would like to make utmost efforts to bring about a change of government now," indicating he had no intention to step down.

The party leadership hoped to put an end to the issue with Hatoyama's press conference on June 30.

Secretary General Okada said in a general meeting of House of Councillors members yesterday: "We decided to accept Mr. Hatoyama's explanation at a party executive meeting (on June 30). Ruling party members have made various remarks on this issue, but (Mr. Hatoyama) acknowledged his fault and demonstrated his accountability." His remark solicited no objection in the meeting.

Acting President Kan emphasized in a press briefing: "The president's explanation was satisfactory, including his apology." Upper House Diet Affairs Committee Chairman Susumu Yanase commented in a press conference: "I was convinced by Mr. Hatoyama's explanation. He fulfilled his responsibility to explain."

16) LDP, New Komeito set up project team to uncover details of Hatoyama's false donation statements

YOMIURI (Page 4) (Excerpts)
July 2, 2009

The Liberal Democratic Party (LDP) and the New Komeito set up a project team yesterday to clear up the truth of false statements in fund reports by Democratic Party of Japan (DPJ) President Yukio Hatoyama's fund management organization. It has been found that 21.77 million yen was falsely reported in the reports for four years. Seeing this is a serious crime, the team intends to demand Hatoyama to appear as an unsworn or sworn witness before the Diet.

The team said that Hatoyama's fund management body had received individual donations totaling 430 million yen from 2002 to 2007, pointing out this fact was contradictory to his secretary's explanation that he had made the falsified statements because individual donations were too small.

The team also listed these questionable points: (1) Local assembly

members in Hatoyama's electoral district made donations to the party's branch on Dec. 25 every year from 2003 until 2007; and (2) donations of less than 50,000 yen each case, in which the disclosure of the donators is not required, accounted for about 60 PERCENT for the five years from 2003.

Members of the government and the ruling parties yesterday harshly criticized Hatoyama's involvement in the political-fund scandal. New

Komeito Secretary General Kitagawa emphasized in a press conference yesterday: "The two successive heads of the political party eager to take over the reins of government have been suspected of being involved in politics-and-money scandals." Prime Minister Aso also said in reference to an explanation by Hatoyama's secretary that the falsified reported donations actually came from Hatoyama: "It is inconceivable that a lawmaker leaves several tens of millions of yen to a secretary."

The ruling camp has decided to take up this issue at a meeting of the House of Representatives' special committee on establishment of political ethics and amendments to the Public Offices Election Law and on other occasions.

17) DPJ gives examples of useless government projects in plan to cut wasteful use of tax money

ASAHI (Page 1) (Excerpts)
July 2, 2009

The main opposition Democratic Party of Japan (DPJ) yesterday generally decided on the public works projects to be abolished as a commitment in its manifesto (set of campaign pledges) for the next House of Representatives election. During the first four years after taking over the reins of government, the DPJ will suspend the construction of Kawabe dam (Kumamoto Prefecture) and Yanaba dam (Gunma Prefecture) and halve the public works under direct government control. The DPJ will freeze the implementation of the construction of a facility to promote Japanese modern culture, which is incorporated in the government's supplementary budget for fiscal 2009. By reducing the wasteful use of tax money by carrying out reforms of the subsidy system and the amakudari (golden parachute) practice, the DPJ aims to secure fiscal resources worth 9.1 trillion yen.

The DPJ's draft plan stipulates that soon after assuming the helm of government, the implementation of the fiscal 2009 extra budget, including costs for the construction of the facility to promote Japanese modern culture and expenditures for repairing government and other public offices, will be frozen.

According to the draft, through such measures as halving the works direct under control of government in four years since fiscal 2010, 1.3 trillion yen of the public works spending will be saved and 1.1 will be saved by reviewing the personnel costs, including a cut in the salaries of civil servants.

Moreover, the DPJ will abolish unnecessary corporations, after reviewing the government's disbursement to independent administrative institutions and public service corporations, as well as negotiated contracts. The DPJ believes that 6.1 trillion yen will be saved. The DPJ aims to reduce eventually 9.1 trillion in wasted tax money.

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The DPJ's draft plan was compiled by the party's Manifesto Preparation Examination Committee, based on the examination from April to June of government projects including in the fiscal 2009 initial budget.

18) DPJ trims funding resources to finance its manifesto from 20.5 trillion yen to 17 trillion yen due to recession

YOMIURI (Page 2) (Full)
July 2, 2009

The final draft plan for funding resources to finance the Democratic Party of Japan's (DPJ) manifesto for the next Lower House election was revealed on July 1. The party had initially estimated the amount needed in the fourth year after seizing power at 20.5 trillion yen. However, taking a decline in tax revenues due to the economic crunch and a decrease in so-called hidden funds or surpluses in special accounts into consideration, it has revised down that amount to 17 trillion yen, by slashing the use of hidden funds by 2 trillion yen and an estimated increase in tax revenues due to a revision to the

special tax measure by 1.5 trillion yen.

Following the revision, the DPJ has also revised the timetable to implement policy proposals and their specifics to be included in the manifesto. Specifically, it has eliminated 3.5 trillion yen in the cost to reform the pension system featuring the establishment of a minimum guarantee pension system with a senior party member citing that it is possible to carry out the reform, even if the timetable to secure funding resources for it to the fifth year or later after the party take the reins of government.

It plans to implement other key policies, such as the abolition of the provisional tax rates, such as the gas tax rate and toll-free highways, in order of precedence. Funding resources to finance the manifesto are estimated at 7 trillion yen in the initial year, 10 trillion yen in the second year, 13 trillion yen in the third year and 17 trillion yen in the fourth year.

The DPJ plans to include in the manifesto a roadmap that shows the timetable to implement those proposals, as well as measures to secure specific funding resources.

ZUMWALT